

Introduced by Senator Gaines

February 18, 2011

An act to amend Section 1749.85 of the Insurance Code, relating to insurance.

LEGISLATIVE COUNSEL'S DIGEST

SB 748, as introduced, Gaines. Insurance: replacement cost.

Existing law requires the Insurance Commissioner to appoint a curriculum committee to develop prelicensing and continuing education curriculum, as specified. Existing law required the curriculum committee, in 2006, to make recommendations to the commissioner regarding instructing specified broker-agents and applicants for those broker-agent licenses in proper methods for estimating the replacement value of structures and of explaining various levels of coverage under a homeowners' insurance policy.

This bill would require the curriculum committee to make recommendations to the commissioner regarding instructing specified broker-agents and applicants for those broker-agent licenses in proper methods for estimating the replacement cost of structures.

Existing law prohibits a person who is not an insurer, underwriter, or actuary or other person identified by the insurer, or a licensed fire and casualty broker-agent, personal lines broker-agent, contractor, or architect from estimating the replacement value of a structure, or explaining various levels of coverage under a homeowners' insurance policy.

The bill would instead prohibit a person who is not an insurer, underwriter, or actuary or other person identified by the insurer, or a licensed fire and casualty broker-agent, personal lines broker-agent,

contractor, or architect from estimating the replacement cost of a structure.

Vote: majority. Appropriation: no. Fiscal committee: yes.

State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 1749.85 of the Insurance Code is
2 amended to read:

3 1749.85. (a) The curriculum committee shall, ~~in 2006,~~ make
4 recommendations to the commissioner to instruct fire and casualty
5 broker-agents and personal lines broker-agents and applicants for
6 fire and casualty broker-agent and personal lines broker-agent
7 licenses in proper methods of estimating the replacement-~~value~~
8 *cost* of structures, and of explaining various levels of coverage
9 under a homeowners' insurance policy. Each provider of courses
10 based upon this curriculum shall submit its course content to the
11 commissioner for approval.

12 (b) A person who is not an insurer underwriter or actuary or
13 other person identified by the insurer, or a licensed fire and casualty
14 broker-agent, personal lines broker-agent, contractor, or architect
15 shall not estimate the replacement-~~value~~ *cost* of a structure, or
16 explain various levels of coverage under a homeowners' insurance
17 policy.

18 (c) This section shall not be construed to preclude licensed
19 appraisers, contractors and architects from estimating replacement
20 ~~value~~ *cost* of a structure.

21 (d) However, if the Department of Insurance, by adopting a
22 regulation, establishes standards for the calculation of estimates
23 of replacement-~~value~~ *cost* of a structure by appraisers, then on and
24 after the effective date of the regulation a real estate appraiser's
25 estimate of replacement-~~value~~ *cost* shall be calculated in accordance
26 with the regulation.